

Economic Outlook

*Community Development Advisory Council
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Vice President and Economist

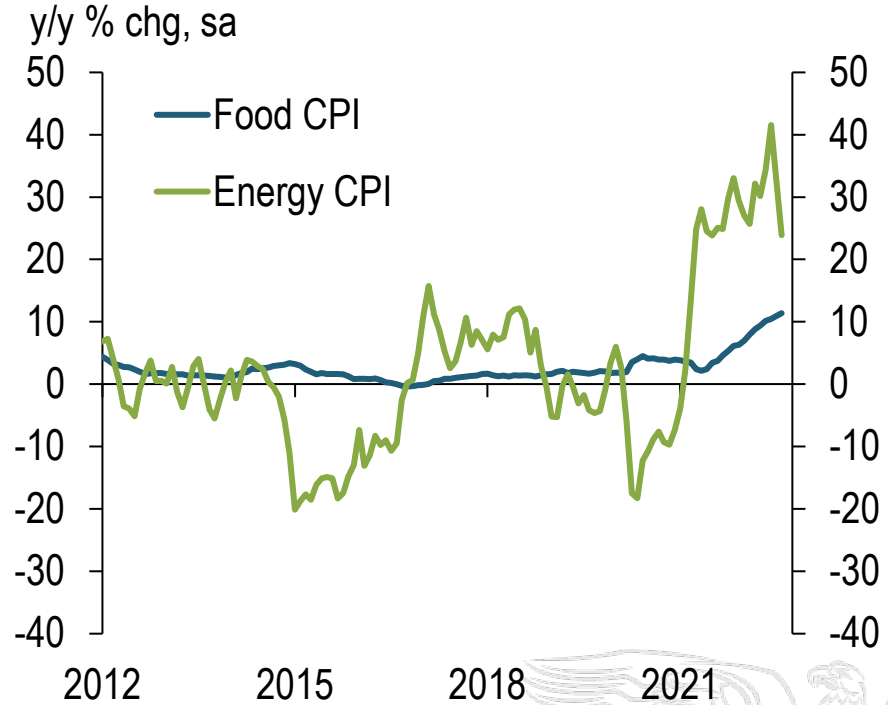
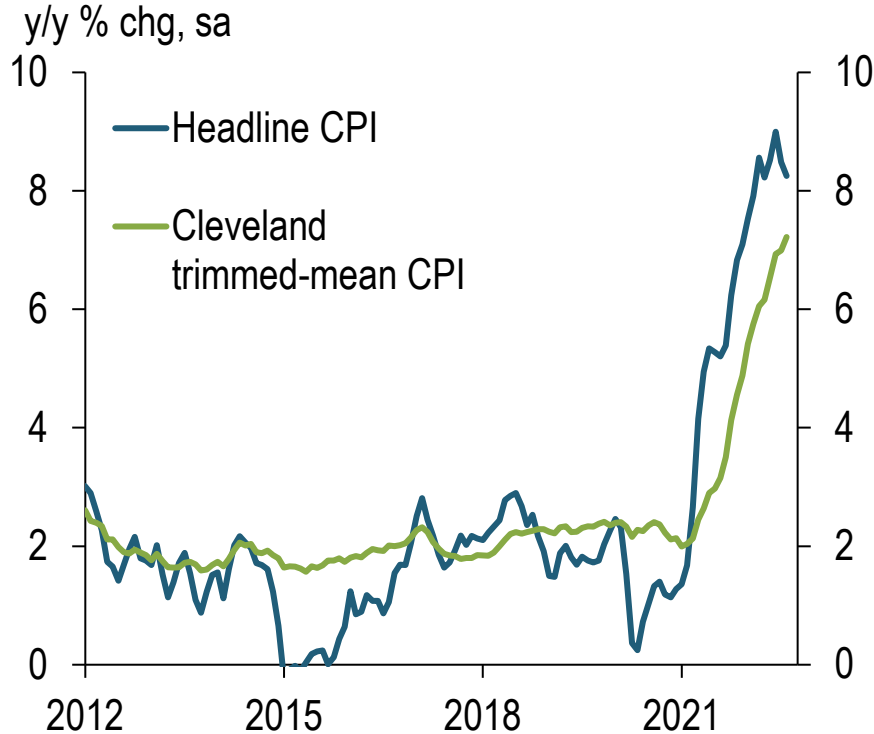


Outlook themes

- Inflation remains elevated, with low to moderate income households experiencing higher rates of inflation.
- Labor markets are very tight, which has boosted wage growth and supported consumer spending.
- Monetary policy appears to be slowing demand, but with a lag.
- Long-term trends in supply may limit housing and rental price declines.

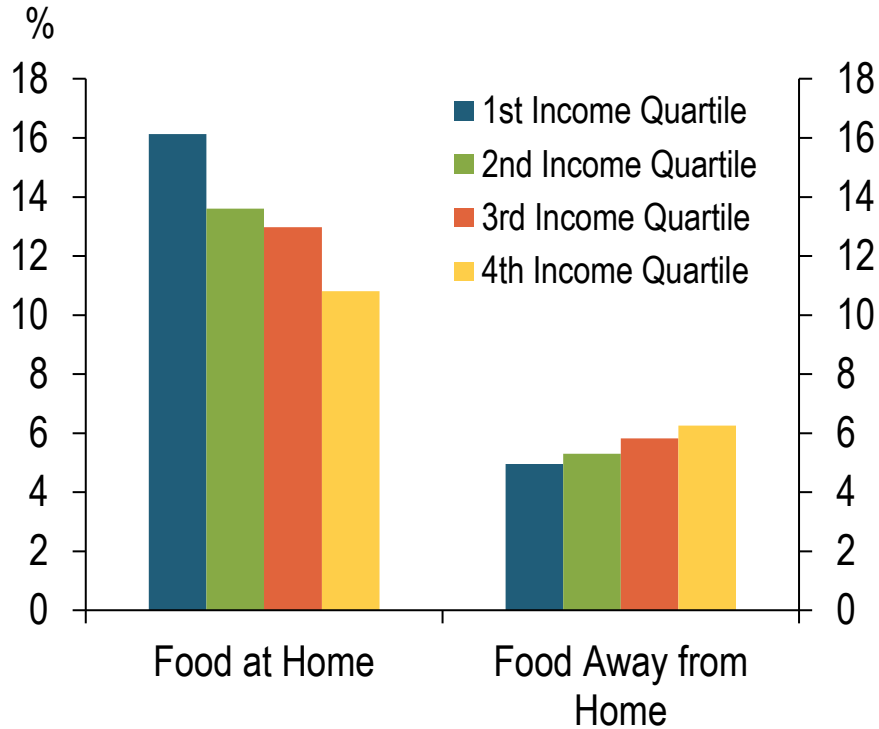


Inflation remains elevated and broad-based.

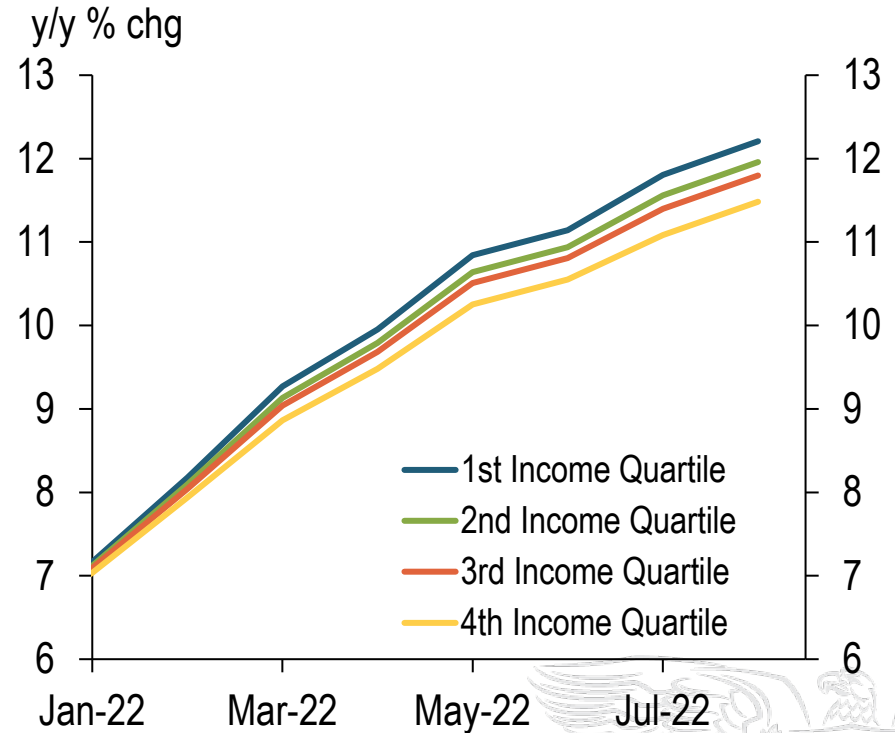


Low-income households are more exposed to food inflation.

Expenditure Shares

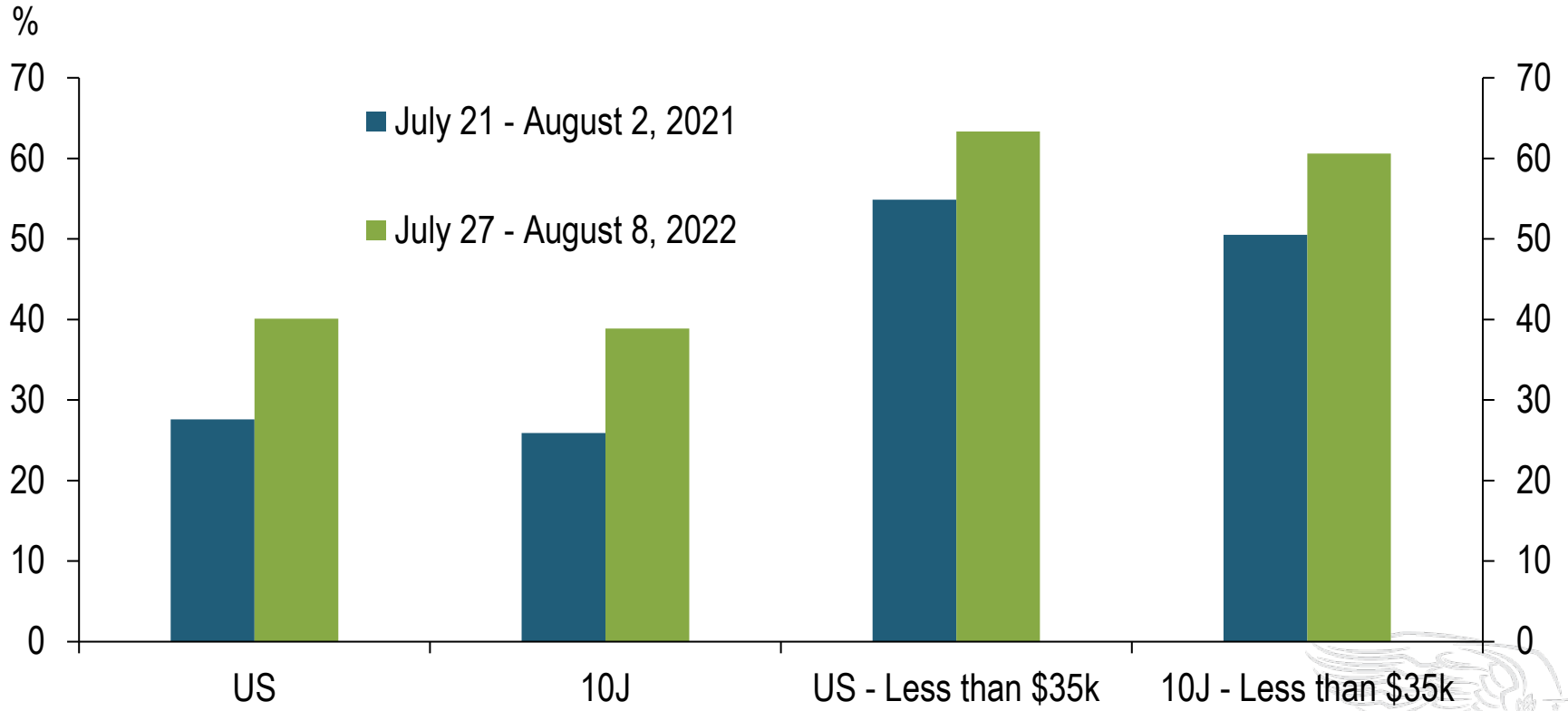


Food Inflation



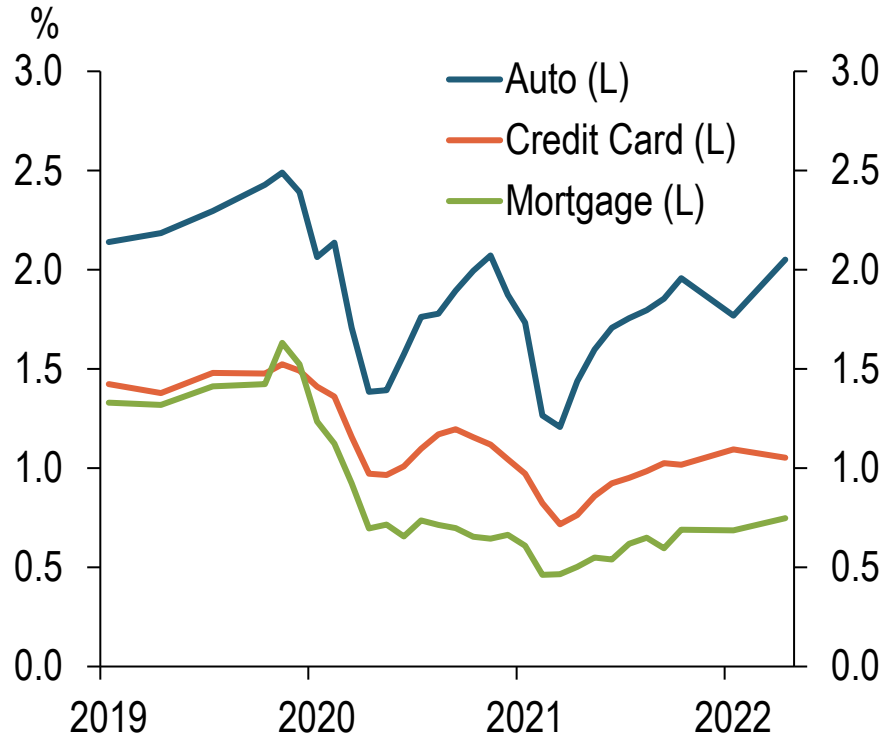
Sources: BLS, Staff

More households report difficulty paying for usual household expenses.



Delinquency rates on consumer debt are near pre-pandemic levels.

Tenth District



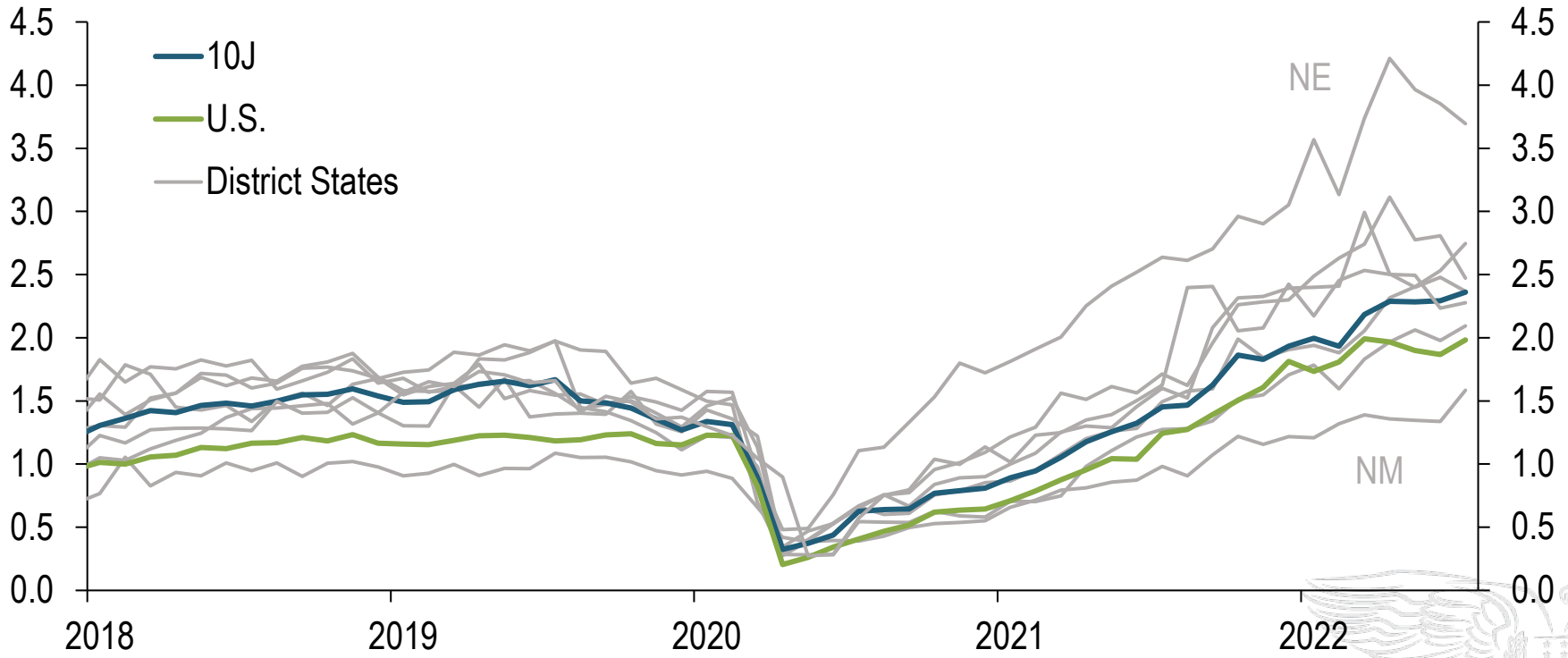
Subprime

	Q1-20	Q2-22
Auto	10.2%	9.8%
Credit Card	8.5%	6.9%
Mortgage	20.9%	13.7%



There are twice as many job openings as unemployed workers.

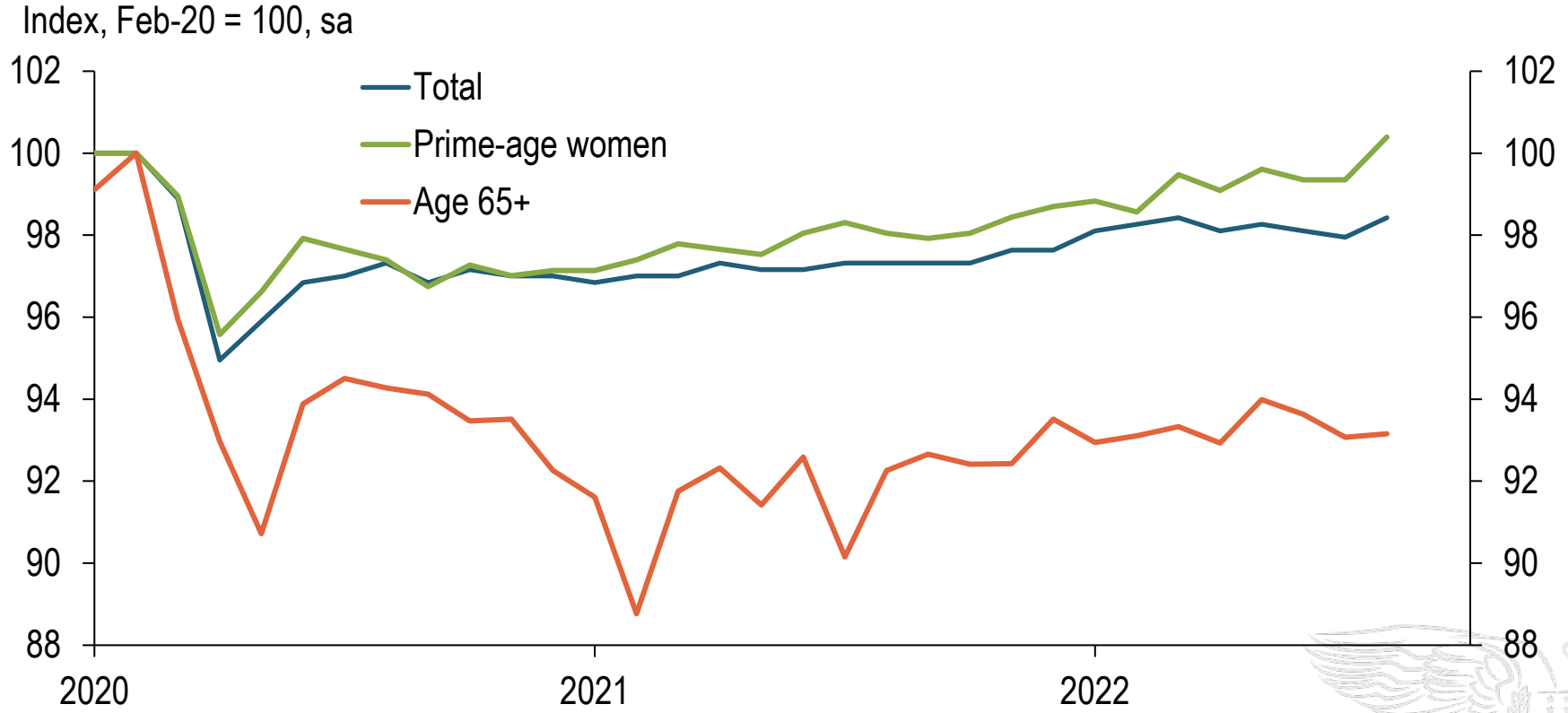
Job openings/# unemployed



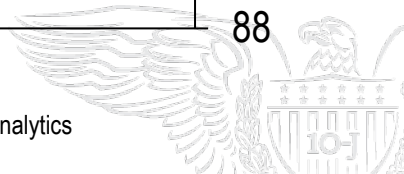
Sources: BLS, Haver Analytics



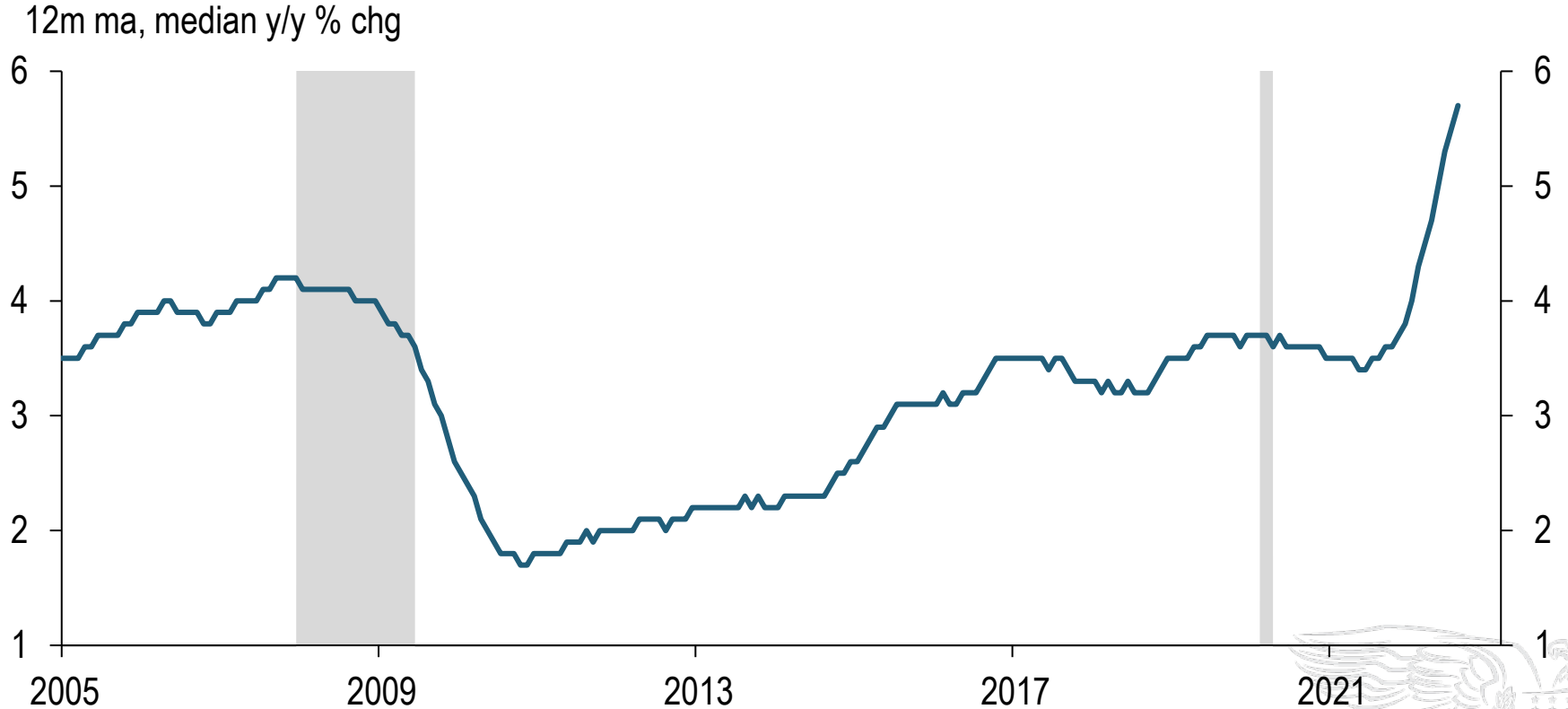
Labor force participation has not fully recovered.



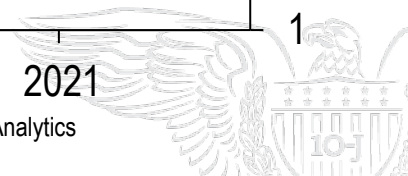
Sources: BLS, Haver Analytics



The imbalance in the labor market has caused faster wage growth.

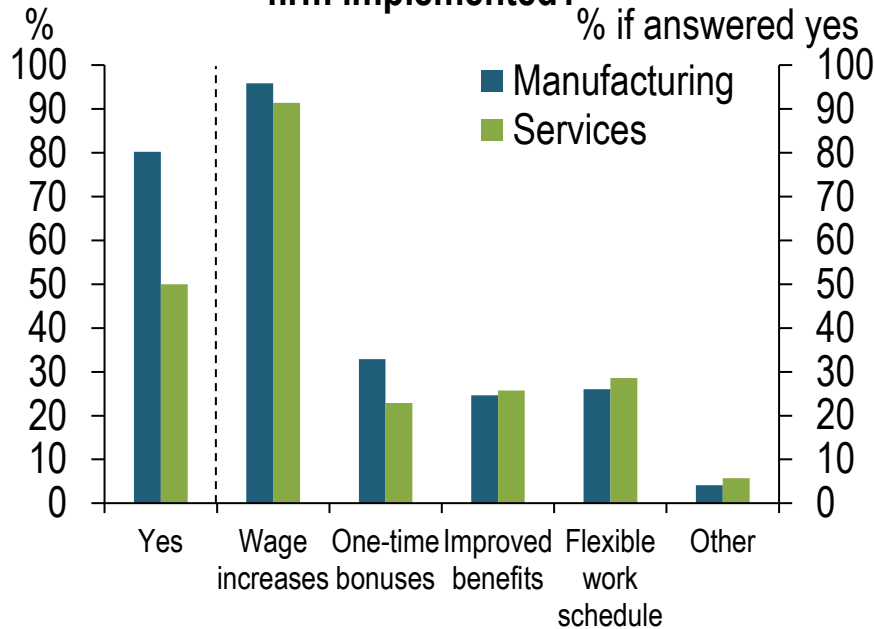


Sources: FRB Atlanta, Haver Analytics

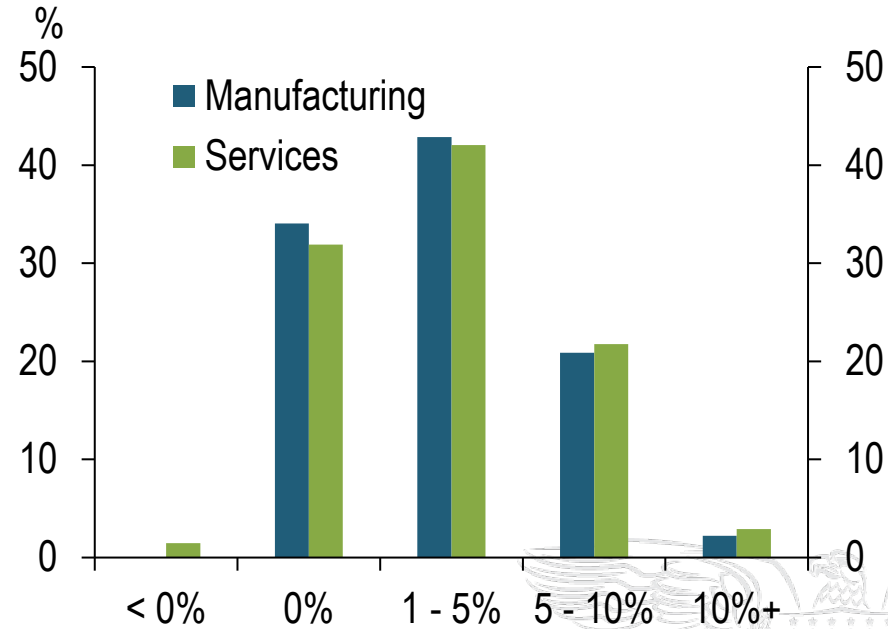


Many contacts report adjusting compensation due to inflation.

Did you adjust employees' compensation due to inflation during this year? If yes, what has your firm implemented?



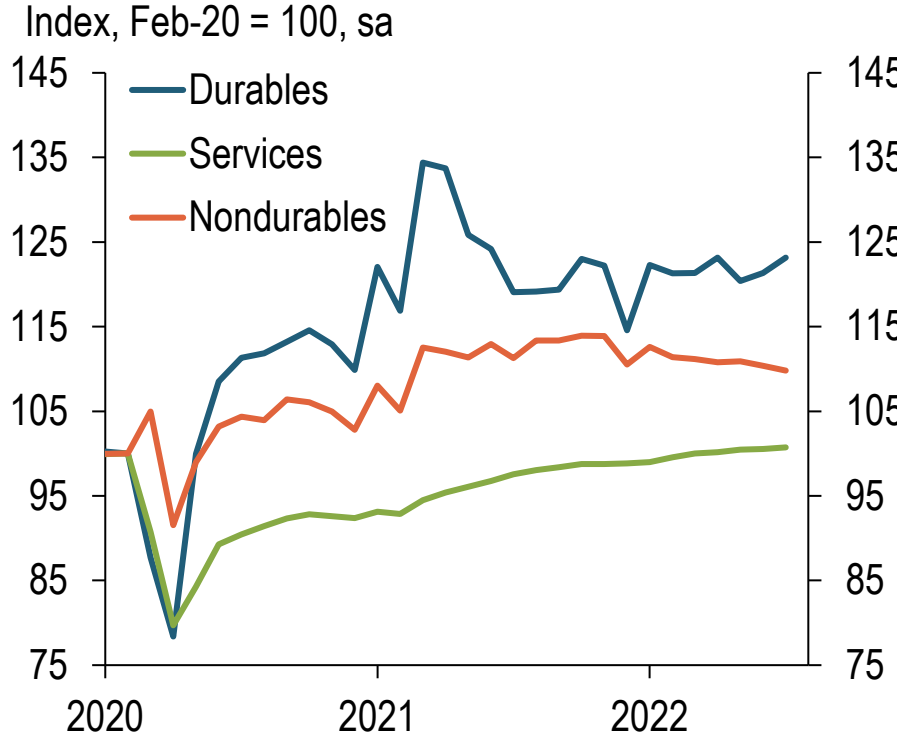
On average, how much do you intend to change employees' wages for the rest of 2022?



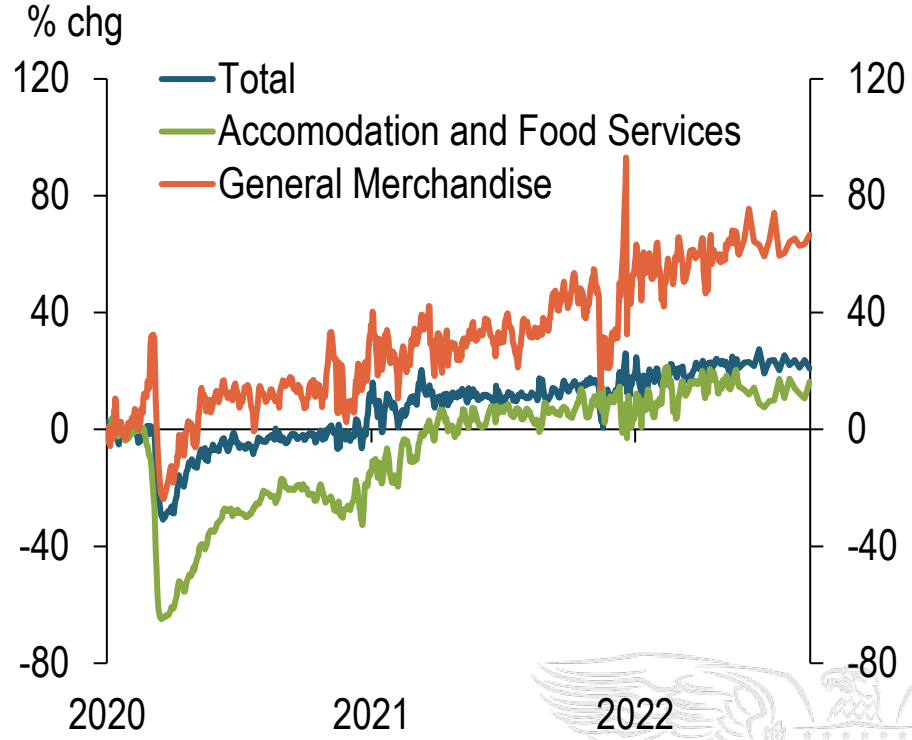
Sources: FRBKC Surveys

Higher wages have helped sustain consumer spending.

United States



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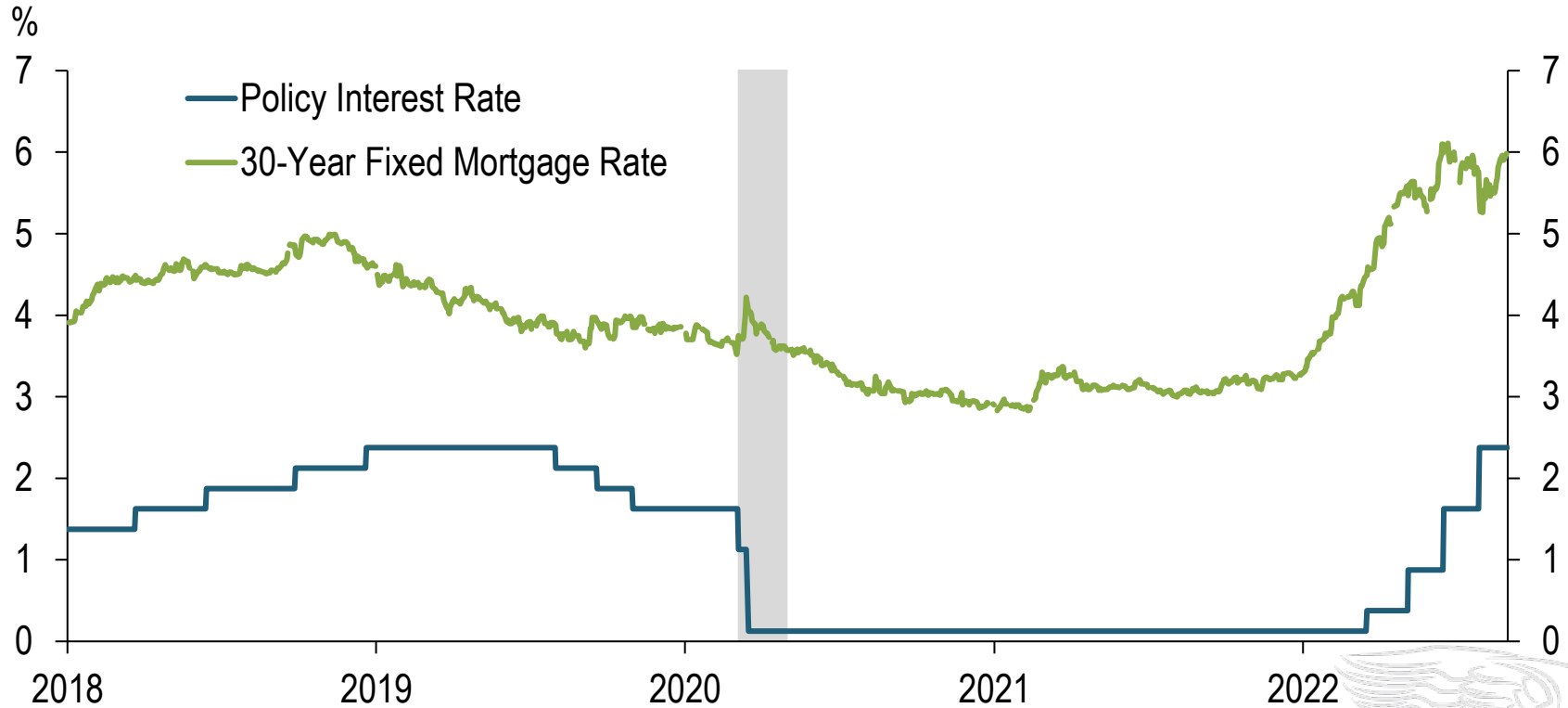


Note: Change is relative to January 4-31, 2020.

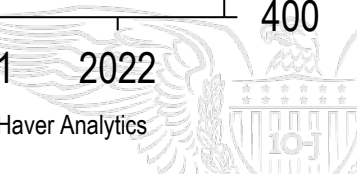
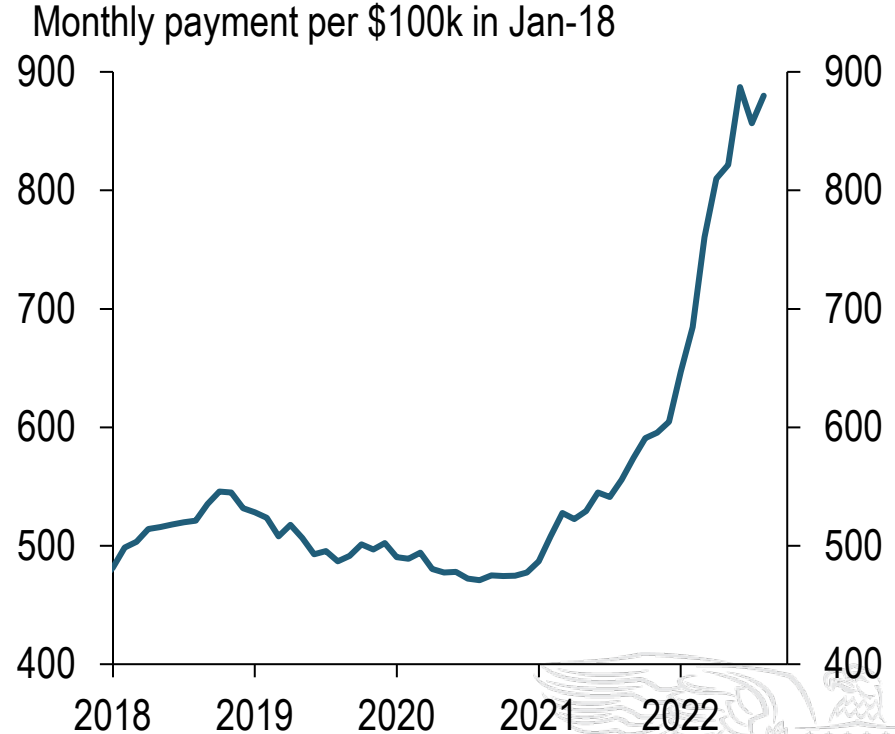
Sources: BEA, Affinity Solutions, Opportunity Insights, Haver Analytics



Interest rates have risen following FOMC action to slow inflation.

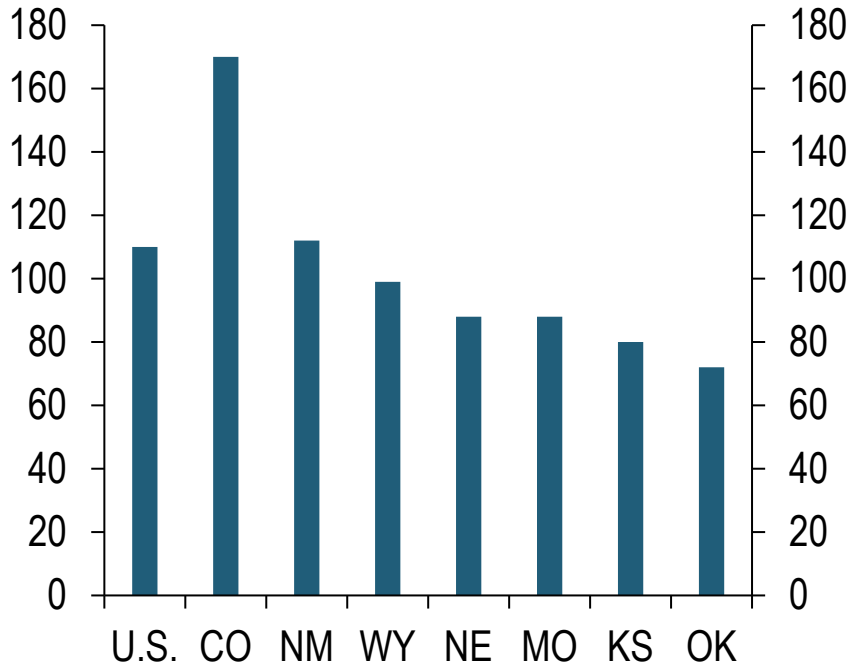


Consumer sentiment for buying a house has fallen sharply.



Nearly three weeks of wages are currently needed to pay mortgage.

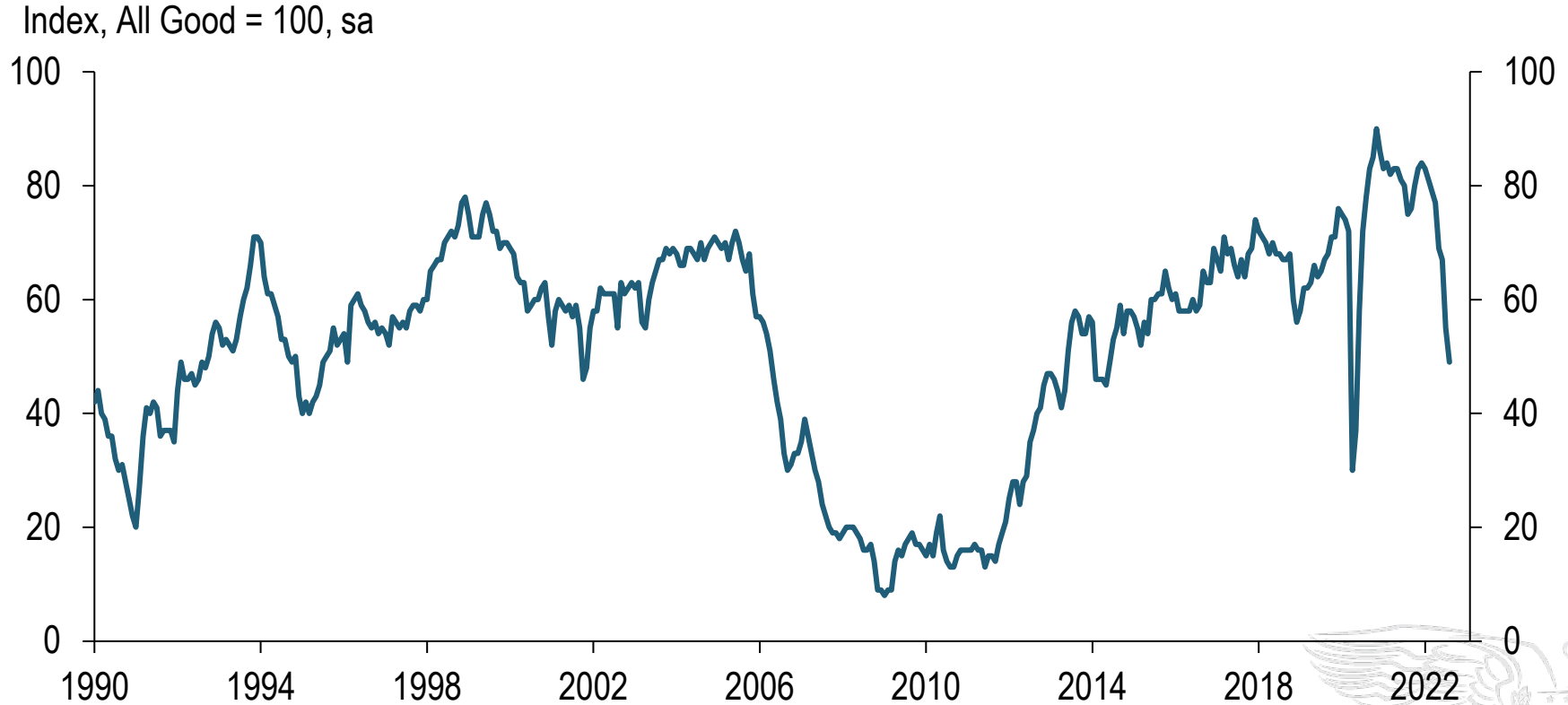
Hours needed to afford mortgage



	U.S.	10J
Median Hourly Wage (\$ per hour)	22	19
Median Home Value	355,852	295,000
Monthly Mortgage Payment	2,431	2,023
Hours Worked to Afford Mortgage	110	101



Home builder sentiment has also dropped, which may limit supply of new homes.

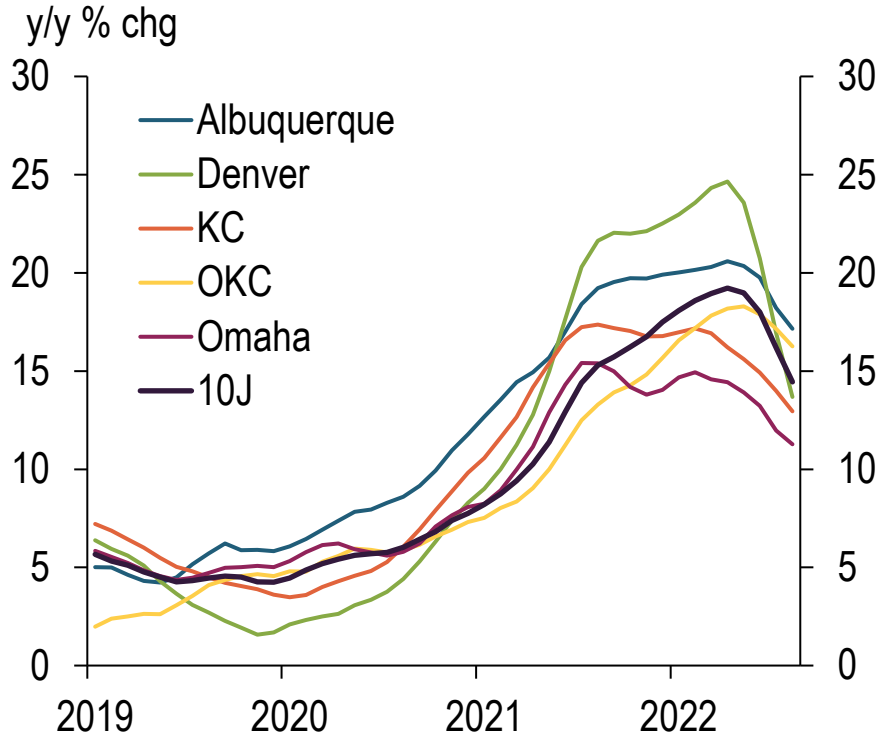


Sources: National Association of Home Builders, Haver Analytics



House price growth and rental rates have slowed but remain high.

Home Price Growth



Rental Price Growth

